

W. K. ENTERPRISES
3080 Spanish Valley Drive
Moab, Utah 84532

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File

801-259-7183

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DIVISION OF
OIL, GAS & MINING

Governor Norman Bangerter
210 State Capitol Building
Salt Lake City, Utah 84114

Dear Mr. Bangerter:

I recently heard you say you were going to try to assist business in every way you could, so I would like to bring our problem to your attention!

We have been in the Uranium/Vadadium business since my Father-in-Law sold ore to Madam Curie, and let me tell you, things are worse now than they have ever been. We are about the only small, independent mining Company left, and if someone doesn't assist us, we'll be gone. As I'm sure you know, even the Government finally declared Uranium no longer viable. In view of this fact, I ask you to please consider setting aside the 1% severance tax until such time as the product again becomes viable. In doing so, I believe you could generate more revenue by enabling us to go on working until things get better. Also, the 4% production taxes are too high, and we need to get our rebates back sooner to put into our operation. Five percent is a great deal of profit right off the top of any business, especially since the occupational tax is taken on gross, not taking into consideration royalties, etc., we have to pay.

If you'll bear with me, I'd like to explain a little about our business.

Now days an individual can't lease or subcontract a mine from the big company because of the liabilities. It's impossible to get insurance on mining now, except State Compensation. Instead, if you want to work you have to buy the mine and assume all the responsibilities of the mess everyone before you has made.

Last year we couldn't go any longer without an income, so we bought a mine! One that Charlie Steen owned in the 1950's. My sons and a friend were working it and basically cleaning up the old mine. We hit a pocket of Ore, and started shipping quite a bit. Then the only Mill operating in the U.S.A. that can take our ore (Rio Algom) came to us and told us unless we could increase our mill feed they had to shut down, thus throwing all their employees (approximately 150) and ourselves out of work. As you know, that would be a disaster in this community.

Because of that fact, we hired 7 employees and started working the mine full time, pushing all the Ore we could to the Mill. We generated more money, but with it came Unemployment Insurance, withholding taxes, wages, more fuel, powder bills, bigger equipment and fans, high electricity bills, more paperwork; since we grossed over \$50,000.00 at the mill, we now have to pay a 1% Severance Tax which I received, in the amount of \$19,264.00 from the State, to be paid in full by June 1, 1986. Two months ago we ran out of Ore. The State sent us an Assessment Notice on our mine of One Million Six Hundred Thousand (\$1,600,000.00) dollars, saying the tax is based on ten times the value??? How we're going to pay it next year God only knows; mines should depreciate as they are worked out.

Anyway, again facing disaster to us all, we negotiated with Hecla Mining to buy another property and again went to the Bank and borrowed the \$50,000.00 down and \$19,000.00 for a bond to the State. But after we bought the mine and put in for transfer of State Bond we were told we had to put up \$30,000.00 bond, the same bond Hecla presently has in place for \$19,000.00. It seems so unfair. When I asked for an explanation, I was told the escalation was based on Metro Salt Lake Area! Although what that has to do with this County makes absolutely no sense at all.

I beg you, Sir, to intervene in our behalf on this bonding and help us get it lowered. There are three things that could really help us and all small miners. The people in the State agencies understand and are in sympathy of our plight and have encouraged me to bring this to your attention.

- I. Temporarily set aside the severance or occupational tax until Uranium becomes viable.
- II. Change the bonding on Uranium, making variances on a case-to-case basis (there aren't that many).
- III. Change the mining law that duplicates everything for State and Federal Government, which makes us duplicate bonds, paperwork, etc., and permitting, costing us money and causing so much confusion. The paperwork is endless, the Federal Government sends us surveys every few days (since we are the only people mining Uranium), and if we don't send them right back they fine us. MSHA has no one but us to inspect, since the other Uranium mines are shut down. You can imagine what fun that is. Sometimes there are so many people inspecting us and telling us what to do, we can't get any work done. Then there's the threat of the Mill shutting down. Working underground in a mine from daylight until dark is bad enough, but no one is going to give us a check unless we earn it. When the Ore runs out, you're broke!

You can't draw unemployment when you work for yourselves. You get old fast living this way, and the only thing you have left is what little you've saved, and now the taxes eat all that! I guess the hardest thing for us is begging Government officials to do the job they promised when we elected, to make fair and just taxation (when they can), because when you kill the dream of a man to raise the standard of living, so his children can have a better life, you are estroying the very spirit of people like us. So Sir, I'm not asking for a hand-out. Only that we be allowed to go on working, by helping us on these issues. Also, by speeding up rebates on our money the State has held for previous year on production taxes.

As I write this letter we are still under pressure to snip all the Ore we can to Rio Algo, to keep them open. They would certainly be a great loss to our community and our State if they were to shut down, so please give this letter your immediate attention and help us.

Thank you for reading my letter. Sometimes it seems as though we are being penalized for trying hard to survive and help a few people around us.

Yours,

Wilene Shumway
dba W. K. ENTERPRISES
3080 Spanish Trail Drive
Moab, Utah 84532